

***United States Court of Appeals
for the Second Circuit***



**BRIEF FOR
APPELLANT**

ORIGINAL
WITH PROOF
OF SERVICE

77-7067

United States Court of Appeals
FOR THE SECOND CIRCUIT

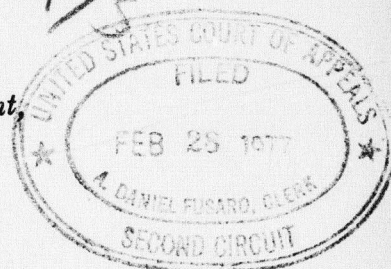
NOVELTY TEXTILE MILLS INC.,

Plaintiff-Appellant,

—v.—

JOAN FALRICS CORPORATION,

Defendant-Appellee.



ON APPEAL FROM AN ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

BRIEF ON BEHALF OF PLAINTIFF-APPELLANT

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UNITED STATES COURT OF APPEALS
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NOVELTY TEXTILE MILLS INC.,
Plaintiff-Appellant,

Docket No.

77-7067

v.

JOAN FABRICS CORP.,
Defendant-Appellee.

-----X

BRIEF ON BEHALF OF PLAINTIFF-APPELLANT
NOVELTY TEXTILE MILLS INC.

PRELIMINARY STATEMENT

This is an appeal from a decision of Judge Henry F. Werker denying plaintiff's motion for a preliminary injunction against continued infringement by defendant of plaintiff's copyrighted fabric or textile design.

ISSUES PRESENTED FOR REVIEW

Did the District Judge err as a matter of law in his application of the "ordinary observer" test

to the question of copyright infringement.

Was it an error of law for the District Court to hold that one seeking a preliminary injunction in a case of copyright infringement must show that money damages would not be adequate compensation and that the copyright owner would be irreparably injured if preliminary relief is denied.

STATEMENT OF THE CASE

This is a case of infringement of a copyright in a fabric or textile design. Plaintiff-Appellant brought suit for infringement of its federally registered copyright and concurrently moved for a preliminary injunction. After an evidentiary hearing, the District Court denied the motion on the grounds that copyright infringement and irreparable injury had not been shown.

From the denial of the motion, this appeal followed.

The background and factual developments of this case are set forth in the findings of the District

Court in its Memorandum Decision (A-217)¹, are supported by the Record and are not in dispute for the purposes of this appeal.

Plaintiff-Appellant ("NOVELTY") and Defendant-Appellee ("JOAN") are manufacturers of upholstery fabrics (A-217) which they sell in competition with one another to furniture manufacturers (A-62; A-151).

NOVELTY's Style 253 (and 256)², were designed during the latter part of 1975 and first displayed to the Trade in January 1976 (A-217,218; A-68). A number of furniture manufacturers purchased Style 253 from NOVELTY and displayed their upholstered furniture covered in Style 253 at the April 1976 High Point, North Carolina Furniture Market (A-218; A-86). In fact, NOVELTY's president estimated that more than twenty five furniture manufacturers displayed Style 253 at the April 1976 High Point Market (A-86,87).

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1. References to the Appendix are designated by the letter A followed by the page number.
 2. Style 256 is identical in design to Style 253 but uses a different fiber content (A-223, Note 1; A-71).

NOVELTY obtained a statutory copyright on its Style 253 by marking its goods with the statutory copyright notice (A-73,76) and obtained Federal Copyright Registration No. Gp 112119 (Px-11, reproduced in Addendum)³. Absent evidence to the contrary, the District Court assumed NOVELTY's copyright registration to be valid (A-219).

The design of NOVELTY Style 253 has been characterized as a bias or argyle plaid (A-217; A-69,70) and is a knit fabric manufactured on "Cidega" warp-knitting, crochet machines (A-218; A-64,99). Style 253 was produced in several different color combinations or color-ways (Px-2) but the color combination denominated as "Cane" (Px-1 & 3) has been the most successful and accounted for approximately 75% of NOVELTY's sales in Style 253 (A-219; A-88).

JOAN's executive, sales and design personnel admitted seeing Style 253 at the April 1976 High Point Market and admitted learning of the substantial demand for bias plaids. (A-218; A-155-157, Ansin; A-38,39,

3. References to the Exhibits received in evidence at the Evidentiary Hearing are designated as Px for plaintiff's exhibit or Dx for defendant's exhibit followed by the exhibit number or letter, as appropriate.

Zellers; A-47, Ross; A-188,53, Gangi). In May 1976, JOAN formed a design group of Messrs. Zellers, Ross and Gangi to design a collection of argyle plaid fabrics (A-218; A-184,186). The initial offerings of JOAN comprised four fabric groups denominated "CK-0028", "CK-0035", "CK-0042" and "Fleetwood". These were introduced to the Trade throughout the Summer of 1976 (A-218; A-32). A fifth bias plaid known as "Electra" was recently introduced (A-218; A-210).

The District Court noted that each of the JOAN fabrics except the most recently introduced Electra is manufactured by JOAN in a color-way which is "comparable" to NOVELTY's Style 253-Cane and therefore based its discussion of the similarities and differences on the comparable color-ways. (A-219). The color-ways of JOAN "comparable" to 253-Cane (Px-1 & 3) are CK-0028-Sand (Px-6 and Dx-I); CK-0035-Sand (Dx-V); CK-0042-Spice (Dx-C); and Fleetwood-Spice (Px-5 and Dx-P).

In his Memorandum Decision, the District Judge listed several similarities between the JOAN design⁴ and the design of NOVELTY Style 253 and enumerated five

4. As the Judge did not indicate which of the Joan Styles he was discussing, he presumably considered them to embody a single design. With this we agree.

differences (A-220,221). That these similarities and differences exist is not disputed. While many pages of testimony at the Evidentiary Hearing discussed the similarities and differences, each similarity and difference as outlined by the District Court can be verified by a close examination of the Exhibits in evidence. The Hearing added nothing to the Exhibits on the critical question of similarity.

Additionally, the District Court found that NOVLETY's sales of Style 253 declined precipitously following JOAN's introduction of its allegedly infringing bias plaids but questioned whether NOVELTY's continuing loss of approximately \$11,000 per week could be attributed totally to the activities of JOAN. (A-218; A-96,97,139 & 140).

ARGUMENT

POINT ONE

THE FEDERAL COURTS ARE THE
GUARDIANS OF THE CONSTITUTIONALLY
GRANTED PROPERTY RIGHT OF COPYRIGHT

The Copyright Law of the United States,
17 U.S.C. 1 et seq. derives its statutory basis from

the Constitution of the United States, Article I, Section 8. The property right accorded authors under the Copyright Law encourages creativity in artistic works such as writings, music and designs and represents a cornerstone of our society deemed sufficiently important by the Framers of the Constitution for inclusion therein. Congress passed the first Copyright Act in 1790, Vol. 17, U.S.C.A. page v (1952). The courts have vigorously enforced copyright rights since that time, and for good reason. A property right which finds its genesis in the Constitution is a right that should be respected both by the owner of the right and by those who would tread on it. It is a unique right and, as such, has been uniquely treated by the courts. A copyright right once invaded by widespread copying can never be fully recaptured. For these reasons the courts have been liberal in granting preliminary and permanent injunctions in cases of copyright infringement. As will be more fully discussed

hereafter, the Courts of the Second Circuit and Southern District of New York have recognized the valuable property right in fabric designs and have systematically protected them against infringement.

POINT TWO

DENIAL OF PRELIMINARY INJUNCTION
IS OVERRULED ON APPEAL ON SHOWING
OF ABUSE OF DISCRETION OR CLEAR
MISTAKE OF LAW

This appeal is from the denial of NOVELTY's motion under Rule 65 of the Federal Rules of Civil Procedure for a preliminary injunction based on the infringement by JOAN of NOVELTY's copyrighted textile design.

It is well established that the grant or denial of a preliminary injunction is discretionary with the District Judge and reversal on appeal requires a showing of abuse of discretion or clear mistake of law.

Triebwasser & Katz v. American Tel. & Tel. Co., 535 F.2d 1356 (2d. Cir. 1976). This brief on behalf of

appellant is grounded on the posture that the District Court mistakenly applied the law to the facts both as to the question of copyright infringement and the extent of the showing required for a preliminary injunction.

POINT THREE

COPYRIGHT INFRINGEMENT WILL BE
PRELIMINARILY ENJOINED UPON
SHOWING OF VALID COPYRIGHT AND
INFRINGEMENT THEREOF

The Copyright Law expressly provides for the granting of injunctions in cases of copyright infringement and a preliminary injunction may issue upon the filing of a complaint. 17 U.S.C. 112. The courts of this Circuit have consistently acknowledged the propriety of preliminary injunctions in cases based on copyright. The respected panel of Circuit Judges L. Hand, Augustus H. Hand and Clark succinctly stated the law of this Circuit in Houghton Mifflin Co. v. Stackpole Sons, Inc., 104 F.2d 306, 307 (2d Cir. 1939), cert. denied 308 U.S.597:

"Consequently it is settled in copyright cases that, if the plaintiff makes a prima facie showing of his right, a preliminary injunction should issue."

The District Court found NOVELTY's copyright (Px-11) to be valid. However, in finding non-infringement, did the District Court mistakenly apply the law to the undisputed facts? Triebwasser, supra.

The general test of infringement in all copyright cases is "substantial similarity". Nimmer on Copyright, §143.1 (1976). In design cases the courts have been more specific and have applied the "ordinary observer" test which has been described by this Court in several leading cases. Generally cited is Judge Learned Hand's formulation in Peter Pan Fabrics, Inc. v. Martin Weiner Corp., 274 F.2d 487,489 (2d Cir. 1960):

"In the case of designs, which are addressed to the aesthetic sensibilities of an observer, the test is, if possible, even more intangible. No one disputes that the copyright extends beyond a photographic reproduction of the design, but one cannot say how far an imitator must depart from an undeviating reproduction to escape infringement. In deciding that question one should consider the uses for which the design is intended, especially the scrutiny that observers will give to it as used. In the case at bar we must try to estimate how far

its overall appearance will determine its aesthetic appeal when the cloth is made into a garment. Both designs have the same general color, and the arches, scrolls, rows of symbols, etc. on one resemble those on the other though they are not identical. Moreover, the patterns in which these figures are distributed to make up the design as a whole are not identical. However, the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same." (emphasis added).

Six years later this Court in a case involving toy dolls rephrased Peter Pan as follows:

"This is a factual question and the appropriate test for determining whether substantial similarity is present is whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." (emphasis added). Ideal Toy Corporation v. Fab-Lu Ltd., 360 F.2d 1021 (2d Cir. 1966) at page 1022.

The court below while recognizing the applicability of the ordinary observer test, redefined it in a manner far more restrictive than contemplated by this Court. Based on Judge Hand's comment in Peter Pan, supra. that consideration should be given to

the scrutiny that observers will give the alleged infringing fabric as used, the District Judge recast the ordinary observer as the expert in the field and found that:

"- - - each of the differences noted would be apparent to a furniture manufacturer, or for that matter to a consumer seriously contemplating purchase of a couch covered with one or another of the fabrics.- -."
(A-221,222).

Such a redefinition of the ordinary observer test goes beyond a mistake of law - it is a rewriting of the law.

The Judge found not that the ordinary observer unless he set out to overlook the disparities, would be disposed to detect them and to regard their aesthetic appeal as somewhat different⁵ or that the average lay observer would not recognize the alleged copy as having been appropriated from the copyright work⁶, but that the

5. Peter Pan v. Martin Weiner, supra.

6. Ideal Toy v. Fab-Lu, supra.

"differences noted would be apparent" to a furniture manufacturer or a consumer.

The Courts of this Circuit have never sanctioned such a test which, if applied, could be met only if there was absolute identity between the accused design and the copyrighted design for in every other instance "differences would be apparent".

No case in this Circuit, or elsewhere for that matter, has applied a test so restrictive as to find infringement only when differences would not be apparent to a purchaser or a user. This Court has explained the "as used" emphasis in Peter Pan as meaning whether the fabrics would be used for similar purposes. In reversing a District Court finding of non-infringement, this Court explained:

"Here the designs were to be used in dresses, and although small differences between the designs might be found to exist under courtroom scrutiny, those differences fade away within a few feet or absent sharp scrutiny." Soptra Fabrics Corp. v. Stafford Knitting Mills, Inc., 490 F.2d 1092 (2d Cir. 1974).

In this case both fabrics are for furniture upholstery and the differences which Judge Werker found "fade away within a few feet or absent sharp scrutiny".

This Court, when faced with a similar lower court analysis of comparative designs which cried out for a finding that the "average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work" (Ideal Toy v. Fab-Lu, supra. at page 1022), had no difficulty in reversing the lower court and ordering the entry of a preliminary injunction.

In Concord Fabrics, Inc. v. Marcus Brothers Textile Corp., 296 F. Supp. 736 (S.D.N.Y. 1969), the District Judge denied a motion for a preliminary injunction in a fact situation which is almost indistinguishable from the instant fact situation. The factual similarities between this case and Concord v. Marcus are so overwhelming that there is reproduced in the Addendum to this Brief full scale color photographs of the fabrics that were involved in Concord v. Marcus. The photographs are marked to identify the copyrighted fabric of Concord and the accused fabric of Marcus which

the District Court found to be non-infringing.

In Concord v. Marcus the District Judge noted that plaintiff made no claim to exclusive right to the common and popular handkerchief design while the District Court Judge in this case found bias plaids to be a "well-ploughed" field. In Concord v. Marcus the District Judge stated at page 738:

"The artwork within the squares does include some similarities, but the differences are at least as striking."

The District Court Judge in this case commented similarly:

"Nevertheless, the differences between Style 253 and the Joan fabrics far exceed the similarities." (A-220).

In Concord v. Marcus the District Court then emphasized the differences (see Addendum photographs in relation to comparative analysis):

"For example, defendant's work has approximately 25 daisies in each handkerchief motif which are not found in plaintiff's pattern, and plaintiff's pattern has 12 geometrical designs and 32 kidney-shaped designs which have no counterpart in defendant's pattern. (citations omitted).

"At worst, what defendant has done here is to use an idea of plaintiff's, to wit, the imposition of a smaller square and a circular design therein within the framework of a large handkerchief design." 296 F. Supp. at 738.

The Judge below in the present action found less differences than the District Court in Concord v. Marcus. He found the broader stripes of JOAN to be wider and of more distinct yarns than those of NOVELTY, the JOAN diamonds to be less box-like than those of NOVELTY, the intersection of the zig-zag stripes to be more overlapping in NOVELTY, the NOVELTY stripes to have greater depth and the NOVELTY background yarns to be less uniform whereas the Judge in Concord v. Marcus found a substantial number of designs in each fabric which were totally omitted from the other fabric.

A simple visual comparison of NOVELTY Style 253 Cane (Px-1 & 3) with JOAN fabrics such as CK-0028-Sand (Px-6, Dx-I), CK-0042-Spice (Dx-C) or Fleetwood-Spice (Px-5, Dx-P) will inescapably result in the conclusion that the ordinary observer would detect the disparities between the fabrics of Concord and Marcus more readily

than between the fabrics of NOVELTY and JOAN.

On appeal, this Court viewed the fabrics in quite another light. In a Per Curiam decision, this Court reversed the District Court and remanded the case with directions that a preliminary injunction issue. Concord Fabrics, Inc. v. Marcus Brothers Textile Corp., 409 F.2d 1315 (2d. Cir. 1969). Much of this Court's brief decision applies with equal force to the present appeal.

"While the trial court placed great emphasis on the minor differences between the two patterns, we feel that the very nature of these differences only tends to emphasize the extent to which the defendant has deliberately copied from the plaintiff. For example, the frames around the border on the defendant's sample are similar but run in opposite directions from the plaintiff's figures. The same is true of the figures around the outer part of the circle. In sum, a comparison of the samples strongly suggests that defendant copied plaintiff's basic design, making only minor changes in an effort to avoid the appearance of infringement.

"The ultimate test in a copyright infringement case of this sort is whether the average lay observer

would find a substantial similarity in the designs, recognizing the copy as an appropriation of the copyrighted work. *Ideal Toy Corp. v. Fab-Lu Limited*, 360 F. 2d. 1021 (2d. Cir. 1966). An injunction pending the outcome of trial in such a case should issue if plaintiff can show a reasonable probability of prevailing on the merits. *American Visuals Corp. v. Holland*, 261 F.2d 652,654 (2d Cir. 1958).

"While there are some differences in both the color and design of the two patterns, we think the average observer would probably find them substantially similar. In our view the plaintiff is likely to succeed after trial. It seems clear to us that in its discretion, the district court should have granted a preliminary injunction. As we have before us the same record, and as no part of the decision below turned on creditability, we are in as good a position to determine the question as is the district court." 409 F.2d at 1316, 1317.

Based on the guidance provided by this Court in Concord v. Marcus, let us compare NOVELTY Style 253-Cane (Px-1) with JOAN Style CK0028-Sand (Px-6, Dx-I) (the first of JOAN's fabrics charged with infringement).

1. The color combinations are identical.
2. Each design incorporates a series of three (3) large squares or diamonds.
3. One square in each consists of a relatively wide stripe whose color contrasts with the background.
4. The other two squares in each are formed of narrower stripes having a different color contrast with the background.
5. The narrower stripes in each fabric are of equal width.
6. The width of a narrower stripe in one fabric is substantially equal to the width of a narrower stripe in the other fabric.
7. The comparative spacing in narrower stripes is measured to be identical.
8. Both fabrics form a small dominant square in the center of the large square.

The above listed features are those that dominate the designs and that the "average lay observer would recognize - - - as having been appropriated".

Ideal v. Fab-Lu, supra. JOAN's other designs in color-ways similar to Style 253-Cane will provide the same eight point analysis.

The District Court's comparison is based on "courtroom scrutiny" of "differences (which) fade away within a few feet". Soptra v. Stafford, supra.

While decisions in cases of copyright infringement are necessarily ad hoc, the decision by this Court in Concord v. Marcus reversing the district court provides guidance on two distinct grounds. Firstly, the comparison of the Concord and Marcus fabrics reproduced in the Addendum demonstrates the error of Judge Werker in creating and applying a more restrictive test of copyright infringement, one for which he cites no authority. In examining the Concord and Marcus fabrics (and the NOVELTY and JOAN fabrics), it cannot be disputed that the manufacturers and purchasers of women's clothing (and of upholstered furniture) would find the differences to be apparent. The "average lay observer" test of "substantial similarity" has most recently been affirmed by this Court in Soptra v. Stafford, supra. decided January 10, 1974. Thus, the District Court's application of new principles of law cannot stand.

Secondly, and of equal significance is the statement of this Court in Concord v. Marcus, 409 F.2d at 1317, that:

"we are in as good a position to determine the question as is the district court."

The decision of the Court below will withstand every scrutiny that the determination of non-infringement was not based on credibility as the District Courts findings in this regard are not in dispute.

A valid copyright and access are admitted and the only issue is whether the designs embodied in the JOAN's fabrics would be found by an ordinary observer to be substantially similar to NOVELTY's Style 253 design.

This Court is in the same posture to make this determination as it was in Concord v. Marcus and Soptra v. Stafford and the authority of this Court to make such a determination is found in Concord v. Marcus.

However, before leaving the point of substantial similarity as to the color-ways considered by the court below, we should examine the significance of Judge Werker's observation that "the field of bias plaids appears to be

a 'well-ploughed' one" and his citation of United Merchants and Manufacturers, Inc. v. K. Gimbel Accessories, Inc., 294 F. Supp. 151 (S.D.N.Y. 1968). United Merchants correctly stands for the proposition that a more than trivial variation will support copyrightability. But copyrightability and infringement are separate and distinct considerations and Judge Werker cites no authority for his conclusion that in a "well-ploughed" field:

"striking distinctiveness is, therefore, not necessary in order to establish lack of infringement." (A-221)

In Deering Milliken, Inc. v. Quaker Fabric Corp., 187 U.S.P.Q. 288 (S.D.N.Y. 1975), a case in which the designer of the accused fabric considered a number of other Tree of Life designs as well as the copyrighted design in independently creating yet another design, Judge Werker also found a "well-ploughed field" and concluded that "correspondingly little in the way of protection is gained from such a copyright." 187 U.S.P.Q. at 290. For this proposition, Judge Werker cited two Southern District cases, neither of which supports his

conception of "prior art" and its relationship to infringement and neither of which has the imprimatur of this Court.

In Concord Fabrics, Inc. v. Generation Mills, Inc., 328 F.Supp. 1030 (S.D.N.Y. 1971), Judge Frankel's discussion of a "well-ploughed field" was addressed only to the issue of copyrightability. As to infringement, Judge Frankel concluded that there was no infringement where the alleged infringer kept clear of the copyright proprietor's "expression" as the basic design from which the copyright proprietor had copied was in the public domain.

In Lauratex Textile Corp. v. Citation Fabrics Corp., 328 F.Supp. 554 (S.D.N.Y. 1971), the other case cited by Judge Werker, both the copyright proprietor and the alleged infringer had copied from a public domain Gucci pattern. The court further found that the copyright proprietor's fabric was almost an identical copy of the Gucci design and the charged fabric was far more easily distinguishable from the copyright proprietor's design than the copyright proprietor's

design was distinguishable from the Gucci design.

Millworth Converting Corporation v. Slifka, 276 F.2d 443 (2d Cir. 1960), one of the leading cases on the scope of a copyright on a work copied from a public domain work, was relied on in Concord v. Generation Mills, supra. and warrants discussion. Plaintiff (Millworth) copied a public domain three dimensional embroidery design onto a flat fabric and was able to capture a three-dimensional effect in two dimensions. This Court reversed the granting of a preliminary injunction and found no infringement. Judge Friendly held at page 445:

"The claimed originality and the distinctive feature of plaintiff's reproduction is the three-dimensional look; this is what defendants' fabric lacks. - - - We need not determine whether if the basic design had been original with plaintiff, defendants' fabric might not be sufficiently imitative to infringe under the test laid down by Judge Hand in Peter Pan. For here, in contrast, the basic design was in the public domain and plaintiff was entitled to relief only if defendants copied its "expression," as the defendant in Alfred Bell v. Catalda Fine Arts, supra, was found to have done.

While there was no evidence or finding that NOVELTY copied from a public domain work (in fact the testimony was to the contrary, A-68 thru 71), even if we accept Judge Werker's prior art posture, the test under Millworth v. Slifka, supra. and Concord v. Generation Mills, supra. is whether JOAN copied the "expression" of NOVELTY's Style 253.

"Expression" as incorporated in a fabric design is in the eye of the beholder. When one examines NOVELTY Style 253-Cane (Px-1 or 3), one sees a distinctive argyle plaid which represents a form of expression in an upholstery fabric. One examining any one of the JOAN fabrics in a similar color-way finds a similar mode of expression and must, perforce, conclude that NOVELTY's copyright has been infringed.

On appeals in cases of copyright infringement, this Court has consistently and continuously (and recently) reaffirmed that where "the determination of similarity rests solely on a comparison of the works in issue rather than on credibility of witnesses or other evidence only for the factfinder, 'we are in as good a

position as the trial judge' to determine the issue."

Reyher v. Childrens' Television Workshop, 533 F.2d 87,90
(2d Cir. 1976); Soptra Fabrics Corp. v. Stafford Knitting
Mills, Inc., 409 F.2d 1092 (2d Cir. 1974); Concord Fabrics,
Inc. v. Marcus Brothers Textile Corp., 409 F.2d 1315
(2d Cir. 1969); Millworth Converting Corporation v.
Slifka, 276 F.2d 443 (1960).

POINT FOUR

ALL COLOR-WAYS OF SAME DESIGN CONSTITUTE INFRINGEMENT

It is universally accepted that a copyright on a fabric design protects the "design" in all its color combinations. For this reason, fabric manufacturers cover all color-ways of a particular design by a single registration. See NOVELTY's single Registration for Style 253 (Exhibit 11-Addendum) and JOAN's single Registration for each of Styles CK-0028 (A-35), CK-0035 (A-34) and CK-0042 (A-36). NOVELTY's Style 253 is produced in 7 color combinations (Px-2) and the JOAN Styles in evidence are available (as of the

Hearing date) as follows:

<u>Style</u>	<u>Color Combinations Available</u>	<u>Defendant's Exhibit</u>
CK-0028	12	D thru O
CK-0035	12	U and V
CK-0042	2	C and W
Fleetwood	5	P thru T
Electra	1	X

Page 19 of this Brief lists eight design features which comparatively dominate the NOVELTY and JOAN fabrics and establish copyright infringement. The first listed feature is identity of color combination based on the color-ways there compared (and compared by the District Court). Each of JOAN's fabrics, regardless of color-way, embodies the remaining seven features and it is these seven which create the "design" which is protected by copyright. NOVELTY charges that all of JOAN's fabrics, (Px-4 thru 6 and Dx-C thru X) are an infringement.

The courts and litigants have recognized that design, not color, determines the issue of copyright infringement. Couleur International Ltd. v. Opulent Fabrics Inc., 330 F.Supp. 152 (S.D.N.Y. 1971). This Court has found infringement where the protected designs were copied in matching and different color combinations, Soptra v. Stafford, supra., and Soptra is in point with regard to the color-ways in issue. While differences in color do not negate infringement, identity of color combinations have brought strong reaction from the

Judges:

"The appearance in one of defendant's fabrics of colors identical to plaintiff's is additional evidence of actual copying, as well as another factor leading to the conclusion that the aesthetic appeal of the fabrics is the same; and given the essential similarity of the designs, defendant's use, in one of its samples, of a color scheme somewhat different from plaintiff's cannot hide the fact that the overall appearance and aesthetic appeal of defendant's fabrics are the same as plaintiffs'." (emphasis added) Couleur v. Opulent, supra. at page 154.

"The final and overwhelming clue is in the use of color schemes. While it is not, of course, alleged that the copying of color constitutes infringement, the use of colors in the accused designs is a devastating indication that the plaintiff's designs were the source of the defendants'." (emphasis added). Scarves By Vera, Inc. v. United Merchants, 173 F.Supp. 625, 627. (S.D.N.Y. 1959).

So as not to place undue emphasis on color similarities and differences, one Judge of the Southern District went so far as to request black and white photographs of the designs in issue. Soptra Fabrics Corp. v. Stafford Knitting Mills, Inc., 365 F.Supp. 1199 (S.D.N.Y. 1973). The District Court found non-infringement and this Court reversed, finding the designs "substantially similar" and the "dissimilarities insubstantial" on a review of all the "materials, exhibits, color combinations and black and white reproductions." 490 F.2d. 1092, 1093 (1974).

This Court did not criticize the use of the black and white photographs to compare the designs but

only their exclusive use.

"By looking only to the black and white reproductions, the district judge, we fear, missed the point here also. Certainly the color schemes were not to be entirely overlooked." (emphasis added) 490 F.2d at 1094 citing Scarves By Vera and Couleur International, supra.

That JOAN has a color combination in each of its Styles CK-0028, CK-0035, CK-0042 and Fleetwood that copies NOVELTY's most successful color-way, Style 253-Cane is a "devastating indication that (NOVELTY's) designs were the source of (JOAN's)." That JOAN has many additional color combinations in the infringing designs does not "hide the fact that the overall appearance and aesthetic appeal of (JOAN's) fabrics are the same as (NOVELTY's)".

POINT FIVE

PRELIMINARY INJUNCTION WILL ISSUE
IN COPYRIGHT CASE WITHOUT DETAILED
SHOWING OF IRREPARABLE HARM

The District Court listed (A 218,219) three requirements for NOVELTY to prevail on a motion for a

preliminary injunction:

1. A prima facie showing of a valid copyright;
2. Infringement by the opposing party; and
3. A decisive balance of hardship in its favor.

The validity of NOVELTY's copyright was not in dispute and the question of infringement has already been exhaustively covered. This POINT is directed to the third element described variously in the Memorandum Decision as "balance of hardships", "some likelihood of irreparable injury" or non-adequacy of "money damages" (A-219). The Court relied on its own earlier decision in Deering-Millikin v. Quaker, supra. which cited Rushton v. Vitale, 218 F.2d 434 (2d. Cir. 1955).

It is respectfully submitted that Rushton v. Vitale and the other leading decisions of this Court hold to the contrary.

In Rushton v. Vitale, a preliminary injunction was denied at the district court level on

the grounds that there was an issue as to validity of plaintiff's copyright and plaintiff had failed to show irreparable damage. This Court reversed finding little doubt as to the validity of plaintiff's copyright and squarely held that a showing of irreparable injury is not a prerequisite for a preliminary injunction in a case of copyright infringement. Judge Clark could not have been more clear:

"When a prima facie case for copyright infringement has been made, plaintiffs are entitled to a preliminary injunction without a detailed showing of danger of irreparable harm." 218 F.2d at 436.

This Court has consistently followed Rushton v. Vitale, Uneeda Doll Co. v. Goldfarb Novelty Co., 373 F.2d 851 (2d. Cir. 1967); Rice v. American Program Bureau, 446 F.2d 685 (2d Cir. 1971). In fact, in one of the Jesus Christ Superstar cases, Robert Stigwood Group Limited v. Sperber, 457 F.2d 50 (2d. Cir. 1972), Judge Kaufman at page 55 reaffirmed the following statement in American Metropolitan Ent. of N. Y. v. Warner Bros Records, 389 F.2d 903, 905 (2d. Cir. 1968):

"A copyright holder in the ordinary case may be presumed to suffer irreparable harm when his right to the exclusive use of the copyrighted material is invaded."

In support of its conclusion of law that "Novelty must show that there is some likelihood of irreparable injury" (A-219), the District Court cited American Visuals Corp. v. Holland, 219 F.2d 223 (2d. Cir. 1955). The American Visuals case is submitted to be an anomaly. This Court affirmed denial of a temporary injunction because there was an insufficient showing of similarity. Its comments with respect to adequacy of money damages and irreparable injury are dicta which is contra Rushton v. Vitale, supra. decided seven days earlier. While Rushton v. Vitale has been consistently followed and reaffirmed⁷, American Visuals has never been cited by this or any other Court of Appeals. Perhaps, on the question of adequacy of money damages and irreparable injury the court had in

7. Brief, page 32.

mind the factual question raised by the district judge (126 F.Supp. 513,515) as to whether plaintiff had actually commercialized its publication.

American Visuals must either be limited to its facts or overruled as it certainly does not represent the law of this Circuit in copyright cases.

In support of its conclusion of law that "Novelty must show - - - that monetary damages will not make it whole" (A-219), the District Court cited American Fabrics Co. v. Lace Art, Inc., 291 F.Supp. 589 (S.D.N.Y. 1968) which relied on the discredited American Visuals case and compounded the error of law.

Since it appears that the District Court Judge erroneously cited Rushton v. Vitale in the decision below and in Deering-Millikin v. Quaker, supra. it is appropriate for this Court to reaffirm that in a copyright case a copyright proprietor is entitled to a preliminary injunction if he can make a prima facie showing that his copyright is valid and has been infringed.

Appellant is aware of the decision of this Court dated February 14, 1977 in State of New York v. Nuclear

Regulatory Commission et al, Docket Nos. 75-6115, 76-6022 and 76-6081 in which Judge Waterman quoted with approval from Triebwasser, supra. which in turn quoted from Sonesta International Hotels Corp. v. Wellington Associates, 483 F.2d 247 (2d. Cir. 1973). Judge Waterman noted, at pages 6184, 6185 that the Sonesta test was a requirement of all preliminary injunctive relief and is

"based on the familiar test of this circuit that a preliminary injunction will issue 'only upon a clear showing of either (1) probable success on the merits and possible irreparable injury, or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief'" 535 F.2d at 1358 (emphasis in original).

The sweeping statement of Judge Waterman in State of New York v. Nuclear Regulatory Commission et al, supra. was made on appeal from denial of a preliminary injunction sought by The State of New York to prevent certain acts of transportation by air of nuclear

materials. There is no reason to believe that Judge Waterman considered the Sonesta test, 483 F.2d at 250, as overruling the long standing line of cases represented by Rushton v. Vitale, supra. Sonesta was decided on July 3, 1973 and this Court's most recent citation of Rushton v. Vitale on this issue was with approval in Robert Stigwood v. Sperber, supra. decided March 17, 1972. Rushton v. Vitale and its progeny are still being cited as good law in the Southern District. See PPS, Inc. v. Jewelry Sales Representatives, Inc., 392 F.Supp. 375 (S.D.N.Y. 1975), page 381 and Footnote 19.

However, even Sonesta would be satisfied with a showing of possible irreparable injury. The court below found that NOVELTY's sales "declined precipitously following Joan's introduction of its new lines" (A-218) but questioned whether NOVELTY's losses of \$11,000 per week could all be attributed to JOAN's activities (A-218,223 Note 5). It is submitted that the court below made of finding of "possible irreparable injury". Furthermore, NOVELTY's president testified that furniture manufacturers such as Schnadig and

Kroehler showed Style 253-Cane at the Spring 1976 High Point market (A-87), that each of them ordered 253-Cane in commercial quantities (A-91) and that since September 1976 they have discontinued ordering Style 253-Cane; and JOAN's president admitted that JOAN is selling the comparable color combination of its fabrics to both Schnadeg and Kroehler (A-169 thru 173).

Judge Werker, in mis-citing Rushton v. Vitale, in relying on the discredited American Visuals and American Fabrics cases and in ignoring the presumed irreparable harm⁸ placed on NOVELTY a burden far beyond that which would satisfy this Court. The District Judge in his penultimate paragraph (A-222) would have NOVELTY prove actual irreparable injury and prove that money damages would not be adequate. This Court has not gone so far.

8. American Metropolitan Enterprises, supra., Brief pages 32, 33.

POINT SIX

JOAN'S INTENT TO AVOID
CONFLICT HAS NO BEARING ON
ISSUE OF INFRINGEMENT

JOAN admitted access to NOVELTY's designs and its subsequent decision to offer a collection of bias plaids. The District Court accepted the testimony that JOAN's design committee was instructed to avoid infringement (A-218). These findings are irrelevant on the question of infringement and injunction. This Court had no difficulty in finding infringement and ordering that an injunction issue in a case where defendants' design studio was instructed to make a non-conflicting design. Soptra Fabrics Corp. v. Stafford Knitting Mills, Inc., 490 F.2d 1092 (2d Cir. 1974). There is nothing in the Infringement and Injunction sections of the Copyright Law, 17 U.S.C. 101 and 112 which requires a finding of willfulness or intentional violation of ones copyright. Compare, Section 104 which provides criminal penalties in cases of willful infringement for profit.

CONCLUSIONS

NOVELTY has shown that it is likely to succeed after a trial on the merits. The validity of its copyright has not been questioned, JOAN's designs are substantially similar and access to NOVELTY's design is admitted.

The court below erred as a matter of law on the test of infringement and on the necessity of showing irreparable harm.

It is requested that the District Court be reversed and the case remanded with instructions to issue a preliminary injunction against JOAN's fabrics denominated as CK-0028, CK-0035, CK-0042, Fleetwood and Electra, in all color-ways.

Respectfully submitted,

BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN
Attorneys for Plaintiff-Appellant

James K. Silberman
Of Counsel

ADDENDUM

Certificate

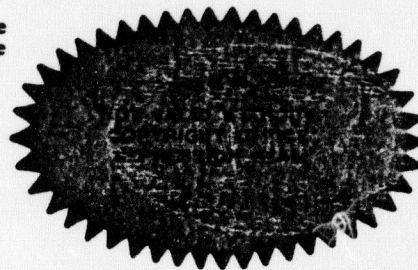
Registration of a Claim to Copyright in a work of art or a model or design for a work of art

This Is To Certify that the statements set forth on this certificate have been made a part of the records of the Copyright Office. In witness whereof the seal of the Copyright Office is hereto affixed.

Register of Copyright,
United States of America

FORM G

CLASS	REGISTRATION NO.
G	GP 112119
DO NOT WRITE HERE	



1. Copyright Claimant(s) and Address(es):

Name Novelty Textile Mills Inc.Address Wauregan, Connecticut 06387

Name _____

Address _____

PLAINTIFF'S
EXHIBIT

2. Title: Style No. 253

(Title of the work)

3. Nature of Work: Textile Design

(Characterize the general type of artistic work involved, as, for example, painting, drawing, sculpture, design, model, etc.)

4. Optional Deposit:

Basis for claiming option:

☐ Monetary value (retail value per copy) _____ ☐ Weight (in pounds) _____
☐ Size (give dimensions) _____ ☐ Fragility (give details) _____

5. Author (i.e., Artist):

Name Novelty Textile Mills Inc.

(Legal name followed by pseudonym if latter appears on the copies)

Citizenship U.S.A.

(Name of country)

Domiciled in U.S.A. Yes X No _____ Address Wauregan, Connecticut 06387

6. (a) Date of Publication:

January 5, 1976

(Month)

(Day)

(Year)

(b) Place of Publication:

United States

(Name of country)

(c) Manufacture Outside United States by Lithographic or Photoengraving Process:

(Name of country)

7. Previous Registration or Publication:

Was work previously registered? Yes _____ No _____ Date of registration _____ Registration number _____

Was work previously published? Yes _____ No _____ Date of publication _____ Registration number _____

Is there any substantial NEW MATTER in this version? Yes _____ No _____ If your answer is "Yes," give a brief general statement of the nature of the NEW MATTER in this version:

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Complete all applicable spaces on next page

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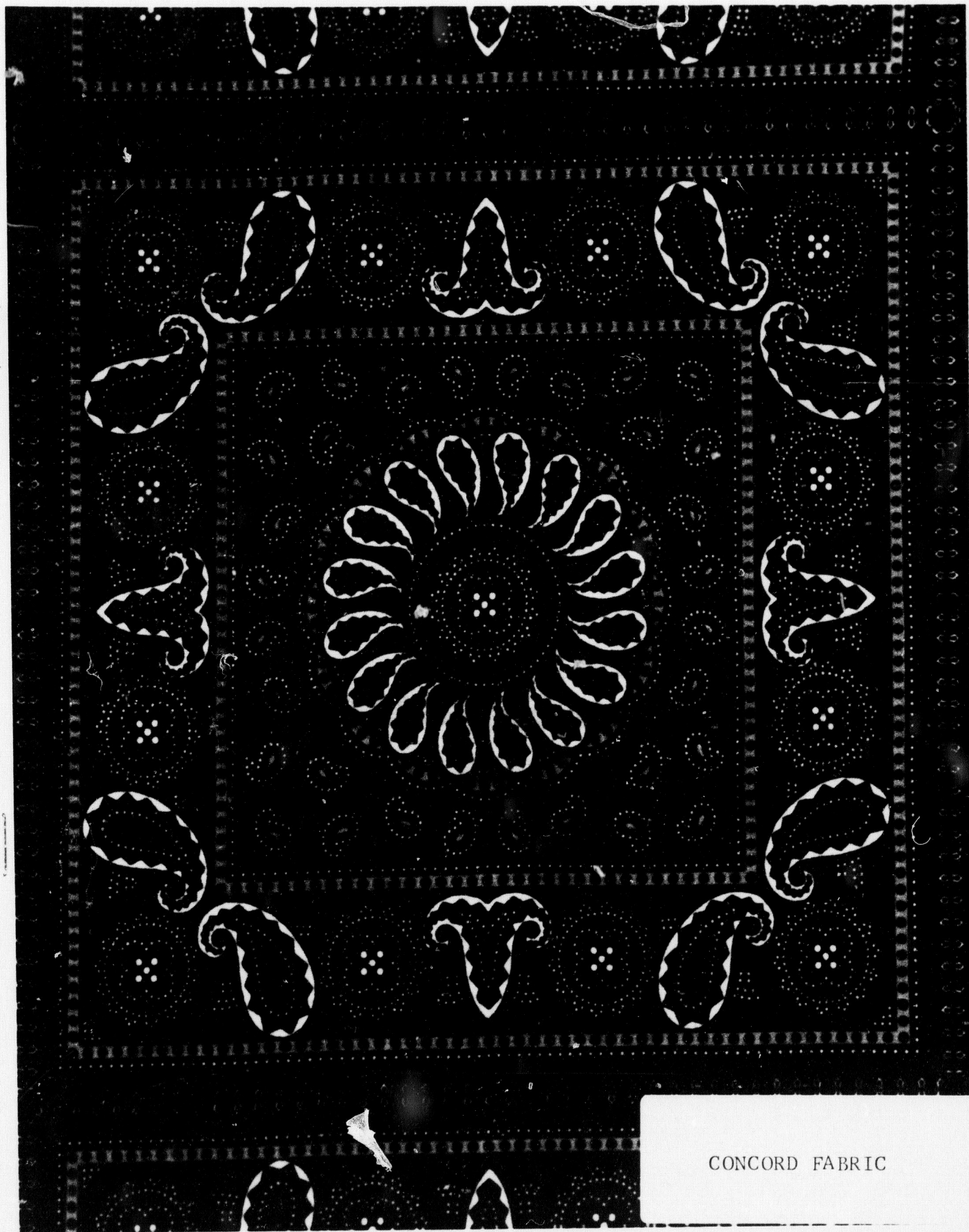
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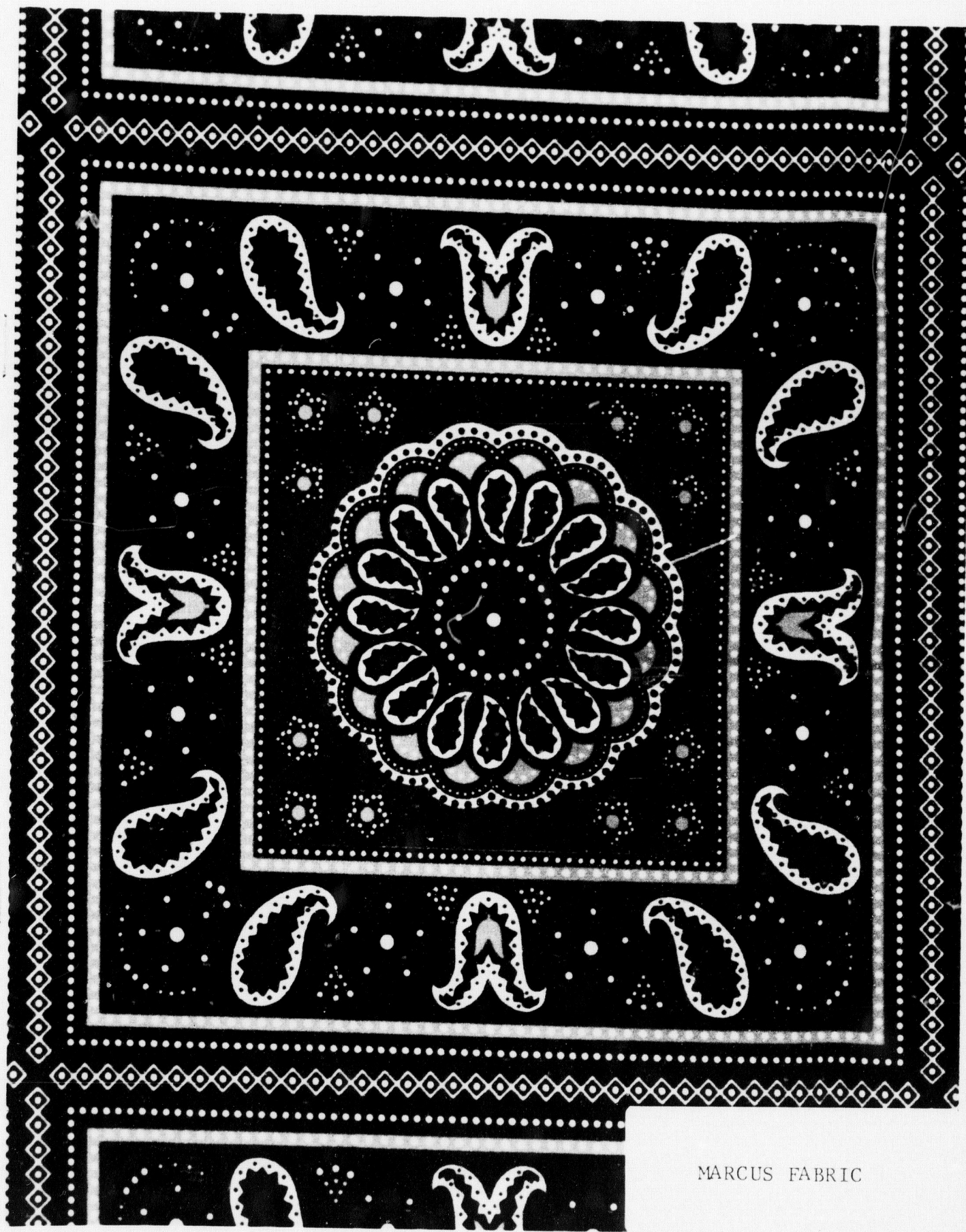
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CONCORD FABRIC



MARCUS FABRIC

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

FRANTZ FONTAINE, being duly sworn,
deposes and says that deponent is not a party to the action,
is over 18 years of age and resides at 193 Kane St.
Brooklyn, N. Y.

That on the 28th day of FEBRUARY, 1977,
deponent personally served the within BRIEF ON BEHALF OF
PLAINTIFF-APPELLANT
upon the attorneys designated below who represent the
indicated parties in this action and at the addresses below
stated which are those that have been designated by said
attorneys for that purpose.

By leaving 3 true copies of same with a duly
authorized person at their designated office.

~~By depositing true copies of same enclosed~~
~~in a postpaid properly addressed wrapper, in the post office~~
~~or official depository under the exclusive care and custody~~
~~of the United States post office department within the State~~
~~of New York.~~

Names of attorneys served, together with the names
of the clients represented and the attorneys' designated
addresses.

KAYE, SCHOLER, FIERMAN, HAYS & HANDLER
Attorneys for Defendant-Appellee
425 Park Ave.
New York, N. Y. 10022

Sworn to before me this

28th day of FEBRUARY, 1977.

Frantz Fontaine
Michael DeSantis
MICHAEL DeSANTIS
Notary Public, State of New York
No. 03-0930908
Qualified in Bronx County
Commission Expires March 30, 1978 77

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